



DB

SI

19010523

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-43308

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 4/1/2018 AND ENDING 3/31/2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FIRST RESEARCH FINANCE INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4315 BRIARGROVE LANE

OFFICIAL USE ONLY
FIRM I.D. NO.

DALLAS (No. and Street) TEXAS 75287
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
ALAN LAWRENCE 972-246-8994
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

M. VAIL & ASSOCIATES PC

1808 GATEWAY BLVD STE 212 RICHARDSON (Name - if individual, state last, first, middle name)
(Address) (City) TEXAS 75080
(State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

SEC Mail Processing
MAY 31 2019
Washington, DC

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

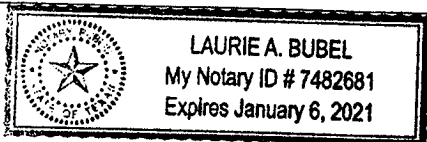
DMS

OATH OR AFFIRMATION

I, FRANK C. DEALY

, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIRST RESEARCH FINANCE INC.

of MARCH 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Frank C. Dealy
Signature
VICE PRESIDENT
Title

Laurie A. Bubel
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FIRST RESEARCH FINANCE INC.

**FINANCIAL STATEMENTS, SUPPLEMENTAL
INFORMATION, and INDEPENDENT AUDITOR'S
REPORT**

FOR THE YEAR ENDED MARCH 31, 2019

First Research Finance Inc.
TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm	2
Financial Statements	
Statement of Financial Condition	3
Statement of Operations	4
Statement of Changes in Shareholders' Equity	5
Statement of Cash Flows	6
Statement of Change in Liabilities Subordinated to Claims of General Creditors	7
Notes to Financial Statements	8
Supplementary Information	
Schedule I - Supplementary Schedules Required by Rule 17A-5 of	
The Securities and Exchange Commission	13
Schedule II - Determination of Reserve Requirements Under Rule 15c3-3 of	
The Securities and Exchange Commission	15
Schedule III - Information Relating to the Possession or Control Requirements	
Under Rule 15c3-3 of The Securities and Exchange Commission	15
Additional Reports and Related Information	16
Exemption Report	17



M. Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pat, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
of First Research Finance, Inc.

We have audited the accompanying statement of financial condition of First Research Finance, Inc. (the "Company"), as of March 31, 2019, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information, including Schedule of Computation of Net Capital for Brokers and Dealers under SEC Rule 15c3-1, Schedule of Reconciliation of Net Capital Per FOCUS Report with Audit Report, Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3, and Computation for Determination of the Reserve Requirements Under SEC Rule 15c3-3, has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

M. Vail & Associates, P.C.

Richardson, Texas
May 23, 2019

1801 Gateway Blvd., Ste. 212, Richardson, TX 75080
Main: 214-660-2000 | Office: 972-234-3333 | Fax: 972-234-3331
www.vailcpas.com

First Research Finance Inc.

Statement of Financial Condition

March 31, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 147,726
Deposit with clearing organization, restricted	11,487
Commissions receivable, net	<u>769</u>
Total current assets	\$ 159,982 =====

LIABILITIES AND SHAREHOLDERS'

Current Liabilities

Commissions payable	\$ 123,329
Accounts payable	507
Accrued expense	3,814
Total current liabilities	<u>127,650</u>

Shareholders' Equity

Common stock Par \$.01	1
Retained earnings	32,331
Total Stockholders' Equity	<u>32,332</u>
Total Liabilities and Stockholders' Equity	\$ 159,983 =====

The accompanying notes are an integral part of these financial statement.

Statement of Operations

Year Ended March 31, 2019

Revenue		
12b-1 fees	\$	30,385
Mutual funds		5,279
Dealer Fees		28,320
Commissions- other		46,531
Miscellaneous Fees		2,410
Dividend & Interest		<u>5,674</u>
Total Revenue	\$	118,599
Expenses		
Employee compensation		74,051
Clearing expense		16,624
Regulatory fees		6,253
Professional fees		12,000
Bonding expense		472
Occupancy expenses		9,869
Miscellaneous		<u>3,054</u>
Total Expenses	\$	122,323
Net Loss	\$	<3,724>
=====		

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

Year Ended March 31, 2019

Common Stock	
Beginning and	
end of year	\$ 1
Retained Earnings:	
Beginning of year	\$36,055
Net Loss	\$<3,724>
End of Year	<u>\$32,331</u>
Total	
Shareholders'	
Equity	<u>\$32,332</u>

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
Year Ended March 31, 2019

Cash Flows from Operating Activities

Net Loss

\$ <3,724>

Adjustments to reconcile net income to net
cash provided by operating activities:

Change in operating assets and liabilities:

Increase commissions receivable	\$< 729>
Increase in deposit with clearing organization	< 70>
Decrease in accounts payable	< 53>
Increase in accrued expenses	1,435
Increase in commissions payable	25,214

Net cash provided by operating activities	22,075
---	--------

Net Increase in Cash	22,075
----------------------	--------

Cash and cash equivalents at beginning of year	<u>125,651</u>
--	----------------

Cash and cash equivalents at end of year	<u>\$ 147,726</u>
--	-------------------

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Year for

Interest	\$ 0
----------	------

Taxes	<u>0</u>
-------	----------

Total	<u>0</u>
--------------	-----------------

The accompanying notes are an integral part of these financial statements.

First Research Finance Inc.
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS
FOR YEAR ENDED MARCH, 31, 2019

Balance at April 1, 2019	\$ -
Increases	
Decreases	
Balance at March 31, 2019	<u>\$ -</u> =====

The accompanying notes are an integral part of these financial statements

**Notes to Financial Statement
For The Year Ended March 31, 2019**

Note 1: Description of Business

First Research Finance Inc. (the "Company") was incorporated in 1991 under the laws of the State of Texas. The Company is a registered member of the Financial Industry Regulatory Authority ("FINRA") as a broker/dealer, and with the Securities and Exchange Commission ("SEC") under the Federal Securities Exchange Act of 1934 ("Act").

The Company acts as a dealer/ investment advisor for certain offerings and does not maintain discretionary accounts for its customers. All customer transactions are cleared through a third party clearing firm, Hilltop Securities, Inc. ("HTS"), on a fully disclosed basis. Accordingly, the Company is exempt from Rule 15c3-3 of the Act under Section (k) (2) (ii) of this rule. Based on the agreement between HTS and the Company, the Company pays a clearing fee to HTS for handling all trades for the Company.

Note 2: Summary of Significant Accounting Policies

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) which is required by the SEC and FINRA .

Use of estimates

The presentation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Notes to Financial Statement
For The Year Ended March 31, 2019**

Cash and cash equivalents

Cash and cash equivalents include investments with maturities at the time of acquisition of three months or less. The Company has not designated any other assets as cash equivalents in determining the net change in cash in the statements of cash flows.

Restricted cash

As of March 31, 2019, cash of \$11,487 was pledged as collateral to secure deposit requirement at HTS.

Credit risk

The Company maintains deposits at a financial institution which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Commissions receivable

Receivables consist primarily of commissions earned during the year but not received as of year-end. Commissions are earned through a reputable investment fund company. Receivables are recorded only when substantial evidential matter is obtained as to the validity of the receivable. As collection of receivables has historically been consistent and timely, management determined collectability is reasonably assured; as such, the Company does not record an allowance for doubtful accounts or maintain a policy for determining reserves for past due or delinquent receivables.

First Research Finance, Inc.

**Notes to Financial Statement
For The Year Ended March 31, 2019**

Note 2: Summary of Significant Accounting Policies (Continued)

Revenue and cost recognition

Investment transactions are recorded on a trade-date basis. Commissions and related brokerage and clearance fees, dividends and interest are recorded in the period in which they were earned or incurred. Unrealized and realized gains and losses are calculated based on the difference between the fair market value of investments at the beginning of the year (or the purchase price if purchased during the year) and the fair market value of investments at the end of the year (or sales price if sold during the year). Selling, general and administrative costs are charged to expense as incurred.

Note 3: Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable input (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows.

Level I Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access,

First Research Finance, Inc.

**Notes to Financial Statement
For The Year Ended March 31, 2019**

Level 2 Inputs to the valuation methodology include:

- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or Liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be Observable for substantially the full term of the asset or liability.

Level 3 Measurement

Inputs to the valuation methodology are unobservable and significant to the fair value

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

In establishing a fair value hierarchy for the Company's investments in accordance with ASC 820, the following value methodologies were used for fair value measurement:

The carrying value of cash and cash equivalents, receivables, and accounts payable approximate fair value due to the short maturity of these instruments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The Company believes its valuation methods are appropriate and consistent with other market participants; even so, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As the investments are valued at quoted market prices, the Company considers them to be Level inputs under the guidance of ASC 820.

During the year ended March 31, 2019, the company did not hold any investments other than FDIC insured money market accounts and short term treasury bills.

First Research Finance, Inc.

**Notes to Financial Statement
For The Year Ended March 31, 2019**

Note 4: Related Party Transactions

Office space is leased from the stockholder. Rent equals the property taxes. Payments during the year ended March 31, 2019 were \$9,869.

Monthly accounting services are provided by an officer. Payment for the services for the year ended March 31, 2019 was \$6,000.

Note 5: Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital , both as defined, shall not exceed certain limits. As of March 31, 2019, the Company was in compliance with both their minimum net capital and ratio of aggregate indebtedness requirements.

Note 6: Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Service Code to be a C Corporation.

The Company is subject to the Texas franchise tax; however, total revenue for the year ended March 31, 2019 was less than the taxable threshold. Accordingly, there was no franchise tax expense for March 31, 2019.

Note 7: Subordinated Liabilities

There were no liabilities which were subordinated to the claims of general creditors at March 31, 2019.

Note 8: Subsequent Events

Management has evaluated subsequent events through May 23, 2019, the date the financial statements were available to be issued. There were no events noted that came to the attention of management that would require adjustments to or disclosure in the financial statements.

First Research Finance, Inc.
Schedule I- Supplemental Schedules Required by Rule 17A-5
Of The Securities and Exchange Commission
As Of March 31, 2019

Computation of Net Capital:

Total stockholders' equity	\$	32,332
Add: subordinated liabilities		<u>0</u>
Total capital and allowable subordinated liabilities	\$	32,332
Deductions and/or charges:		
Non-allowable assets		<u>\$769</u>
Net capital before haircuts on securities positions	\$	31,563
Haircut on securities		<u>(200)</u>
Net Capital	\$	<u>31,363</u>

Computation of Basic Net Capital Requirement

Minimum net capital required - 6.67% of aggregate indebtedness	\$	8,510
Minimum dollar net capital requirement of reporting broker or dealer	\$	<u>5,000</u>
Excess net capital	\$	<u>22,853</u>
Net capital less the greater of 10% of aggregate indebtedness or 120% of minimum net capital requirement	\$	<u>18,598</u>

First Research Finance, Inc.

**Schedule I- Computation of Net Capital Under Rule 15c3-1 of
The Securities and Exchange Commission (Continued)
As Of March 31, 2019**

Computation of Aggregate Indebtedness

Total liabilities	\$	127,651
Less: exclusions		<u>0</u>
Aggregated Indebtedness	\$	<u>127,651</u>
Percentage of aggregate indebtedness to net capital		<u>407.01%</u>

Reconciliation with Company's Allowable Net Capital

Net allowable capital, as reported in Company's unaudited Focus Report	\$	31,363
Audit adjustments		<u>0</u>
Adjusted net allowable capital, per audited financial statements	\$	<u>31,363</u>

There is no material difference in the above computation and the Company's net capital ,
as reported in Company's Part IIA (unaudited) FOCUS report as of March 31, 2019.

First Research Finance, Inc.
Schedules II and III
March 31, 2019

Schedule II - Computation For Determination of Reserve Requirements
Under Rule 15c3-3 Of The Securities and Exchange Commission

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii) in which all customer transactions are cleared through a clearing firm on a fully disclosed basis. Transactions are cleared through Hilltop Securities, Inc.

Schedule III- Information Relating to The Possession or Control Requirements
Under Rule 15c3-3 Of The Securities and Exchange Commission

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to paragraph (k) (2) (ii) of the Rule.



M. Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles I. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pal, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
of First Research Finance, Inc.

We have reviewed management's statements, included in the accompanying First Research Finance, Inc. (the "Company") Exemption Report, in which (1) the Company identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. the Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

M. Vail & Associates, P.C.

Richardson, Texas
May 23, 2019

**First Research Finance Inc.
Exemption Report
Year Ended March 31, 2019**

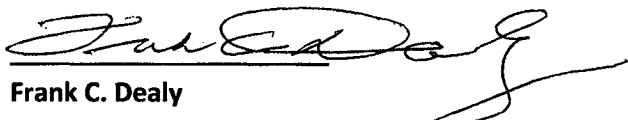
First Research Finance, Inc. (the Company) is a registered broker-dealer subject to Rule 17a - 5 promulgated by the Securities and Exchange Commission (17 C.F.R. 240.17a-5, "Reports to be made by certain brokers and dealers"). This exemption Report was prepared as required by 17 C.F.R. *240.17a-5(d) (l) and (4). To the best of its knowledge and belief the Company states the following:

1. The Company claimed an exemption from 17 C.F.R. §240.15c3-3
Under the following provisions of 17 C.F.R. §240.15c3-3 (k) (2) (ii).
2. The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3 (k) (2) (ii) throughout the period April 1, 2018 to March 31, 2019 without exception.

First Research Finance, Inc.

Frank C. Dealy, swear (or affirm) that to my best knowledge and belief this Exemption Report is true and correct.

By:



Frank C. Dealy
Vice President

May 23, 2019